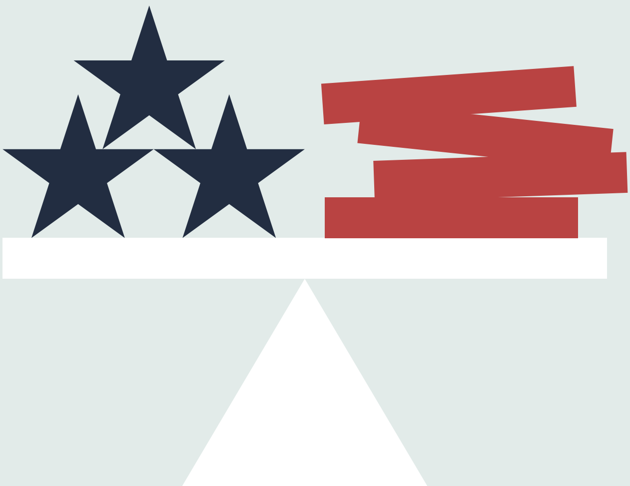
FISCAL DEMOCRACY IN AMERICA

How a Balanced Budget Amendment Can Restore Sound Governance



KURT COUCHMAN

Fiscal Democracy in America

"This is an excellent scholarly work on our deteriorating federal financial position and the need for a fiscal responsibility Constitutional amendment. Only a Constitutional amendment can force current and future Congresses to restore and sustain fiscal sanity. As the book notes, the federal government does not really have a budget since 74% of spending is mandatory and on auto-pilot."

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"Kurt Couchman's book is an authoritative analysis of fiscal rules and budget processes in the U.S. Couchman brings a unique perspective to these issues as an advisor to several members of Congress. Many of the balanced budget rules introduced in Congress were deeply flawed, and he provides a careful analysis of these failed efforts. Much of the book is devoted to a principles-based fiscal rule, which is a refinement of the fiscal rules he helped several congressional champions develop. The proposed amendment incorporates provisions that have proven to be effective in other countries, such as the Swiss debt brake. This book will be a must read for legislators, policymakers, and citizens interested in reforming our fiscal rules and budget processes."

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"*Fiscal Democracy in America* is a timely and compelling blueprint for achieving the long-sought goal of a U.S. balanced budget amendment (BBA). Drawing from relevant experience in budget policy and legislative strategy, Couchman offers a practical approach to countering the tendency for democracies to accumulate deficits with robust institutional guardrails. This book not only explains why a BBA is necessary but also how to craft one that works. Essential reading for anyone who is serious about advancing a constitutional balanced budget amendment to secure America's fiscal future."

—Romina Boccia, *Director of Budget and Entitlement Policy, Cato Institute*

Kurt Couchman

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How a Balanced Budget Amendment Can Restore Sound Governance

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To my parents Kevin and Nancy, who taught us the value of inspiration and the need for perspiration to do something useful with it.
To my wife Elizabeth, for blessing me with so much love, support, wisdom, and patience and for always believing in me.
And to our children, may they enjoy the bright future for which we strive.

Preface

These do not feel like America's best days.

Our society is still exceptionally innovative and productive. We enjoy freedom and prosperity that our ancestors could not have imagined. Equality under the law has advanced in leaps and bounds.

Yet something seems off. The American political system seems more focused on perpetuating conflict than seeking solutions to major problems.

While we squabble, the foundations of U.S. prosperity and self-governance erode: sustainable federal finances, the rule of law, and Congress as the primary maker of federal public policy. The integrity of the U.S. dollar faces external challenges from competing power centers abroad and from self-harm due to exploding debt burdens and other factors.

Vague laws have empowered the president and other executive branch officials to make decisions that properly belong to Congress. The law is no longer settled: it is whatever the executive branch can plausibly get away with claiming it means.

Fortunately, Congress has started the long process of reclaiming its proper powers with an assist from the Supreme Court. As a former congressional staffer with a constitutionalist outlook, I am deeply committed to re-empowering the people's representatives to do their job: deciding what the federal government will do, how, to what extent, and in the public interest.

The executive branch and legislative support agencies produce high-quality information and other resources, but they are not the focus here. No doubt they have room to improve, but getting our national legislature to use good information to make good decisions is the priority.

I have spent much of my two decades in the nation's capital city trying to figure out what is wrong with this place and how to get it working better. I have helped develop ideas into legislation and worked with diverse partners to refine them. Some have been adopted. Others are moving in that direction. Some got dropped.

The tough thing is that people often want "one cool trick." A silver bullet to slay the beasts of dysfunction and acrimony. That does not exist. There are literally dozens of institutional problems, most with one or more possible solutions, or at least ways to soften them.

Even *just* fixing the federal budget system has many pieces. Collectively, they would provide better information, capacity, and incentives for Congress to make thousands of substantive policy decisions each year.

One book cannot go through everything, and this one does not try to. It focuses on the best approach for a balanced budget amendment to the U.S. Constitution and a handful of the most important statutory complements. It is, by design, far from exhaustive, but it should be enough to highlight the interplay between policy, politics, and process in upgrading a complicated institutional matrix.

Ultimately, each proposal is meant to attract broad, bipartisan support by meeting people where they are. Whether I agree with them or not, I believe the vast majority of policymakers want to do the right thing as they see it. I have worked closely with Republicans, Democrats, independents, and others. Sometimes, I have persuaded others, and sometimes, they have persuaded me. That is how it should be.

But minds don't always need to be changed. Some coalitions have a common goal but for very different reasons. Others form by trading away what is less valuable to secure what is more valuable. That is not a compromise on principles, it is win-win negotiating.

Congress needs more space for deliberation and dealmaking. Today's deals too often add to the debt, undermine prosperity, weaken the rule of law, and make the future less bright, however. Further increases in the debt burden are becoming ever-more untenable, and a time of dramatic change is coming.

New institutions must simultaneously control the federal debt burden while helping members of Congress succeed as legislators who can get results. Having had the good fortune to take up this challenge, I see many reasons for hope and optimism about the future of America.

With better tools, Congress can deliver better outcomes while being a better place to serve. In doing so, our elected representatives can fix problems and ensure that America's best days are ahead of us.

Arlington, VA, USA Kurt Couchman

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Romina Boccia, Barry Poulson, Robert Ordway, and Jeanne Couchman reviewed the manuscript and made many helpful comments and suggestions, as have several anonymous reviewers. Robert Ordway, Justin Amash, Will Adams, Dave Brat, Erin Siefring, Jodey Arrington, Mike Braun, Nathaniel Moran, Blake Moore, Adam Shifriss, David Barnes, and Will Burger have been among the most exceptional partners for developing and advancing the proposals highlighted here.

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About the Author

Kurt Couchman is a senior fellow in fiscal policy at Americans for Prosperity. He develops, supports, and advises members of Congress and state legislators on innovative solutions to federal and state budgeting and governance challenges.

He previously served in government affairs roles at the Committee for a Responsible Federal Budget, Defense Priorities, the Cato Institute, Sunoco, Inc., and Air Products and Chemicals, Inc., and in the U.S. House of Representatives offices of Gil Gutknecht, Justin Amash, and Dave Brat.

Kurt is the author of “Effective Fiscal Rules Build on Consensus” in *A Fiscal Cliff: New Perspectives on the U.S. Federal Debt Crisis* (Cato, 2020), “Organizing Congress for Budget Reforms” in *Public Debt Sustainability: International Perspectives* (Lexington, 2022), and numerous white papers, blog posts, and essays, including the award-winning “Congress can rehabilitate the federal government with a comprehensive budget” for the America First Policy Institute’s 2024 budget process reform contest.

He regularly comments on public policy topics through radio, podcast, and television appearances. His writing has appeared on *CNN.com*, *Fox News*, the *Wall Street Journal*, the *Ripon Forum*, *Tax Notes*, *Washington Examiner*, *Real Clear Policy*, *The Hill*, *The Federalist*, and numerous other publications.

Kurt has a master's degree in economics from George Mason University and a bachelor's degree in political science from Indiana University of Pennsylvania/Cook Honors College. He, his family, and their furry friends live in northern Virginia.

Abbreviations

ADA	Anti-deficiency Act
BBA	Balanced Budget Amendment to the U.S. Constitution
BCA	Budget Control Act of 2011
BCBBA	Business Cycle Balanced Budget Amendment
BEA	Budget Enforcement Act of 1990
CBA	Congressional Budget Act of 1974
CBO	U.S. Congressional Budget Office
CoS	Convention of States
CY	Calendar Year
FY	Fiscal Year
GAO	Government Accountability Office
H.J.Res.	House Joint Resolution
ICA	Impoundment Control Act of 1974
IMF	International Monetary Fund
JCT	U.S. Joint Committee on Taxation
OECD	Organisation for Economic Cooperation and Development
OMB	Office of Management and Budget in the Executive Office of the President
PBBA	Principles-based Balanced Budget Amendment
PGSA	Prevent Government Shutdowns Act
RBTA	Responsible Budget Targets Act
S.J.Res.	Senate Joint Resolution
SUBMIT IT Act	Send Us Budget Materials and International Tactics In Time Act
TRUST Act	Time to Rescue United States Trusts Act

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CHAPTER 1

Introduction: The Growing Federal Debt Burden Reflects a Broken System

The federal government's budget dysfunction costs American citizens dearly. The costs will keep growing until Congress and presidents get their act together.

Budgeting is the hub of sound governing. Everything else revolves around it. Done well, a budget is the primary vessel for policymakers' choices about which activities are worth enacting, to what degree, compared to alternative uses, and within constitutional boundaries.

Effective budgeting also recognizes that means of financing—taxes, borrowing, and inflation—impose burdens on society beyond the revenue collected. Those budget tradeoffs, in turn, should inform the design of programs in legislation separate from budgeting to make best use of available resources.

A representative government should empower all legislators to participate in a healthy budget process. It is central to the U.S. system of policymaking. The Constitution clearly assigns legislative powers to Congress, including the powers to raise revenue and make appropriations.

Our representatives in Congress are our trusted custodians to promote the common good, wisely stewarding taxpayer resources to protect life, liberty, and the pursuit of happiness. Effective executive and judicial branches, including their checks and balances on each other and the legislature, make the overall system work. Yet we will focus on Congress here. It should be the strongest branch, but it is the weakest.

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Congressional budgeting is a mess, and our democracy suffers accordingly. Most members of Congress have little opportunity to see if colleagues agree with their ideas for advancing our interests even in the limited parts of the budget that Congress manages in any particular year.

Every dollar wasted is a dollar that cannot be spent on something more valuable. Some activities may be actively harmful, although legislators disagree on what areas those might be. Broken budgeting is chronically wasteful: continuing to allow money, personnel, and materials to flow into far-from-best uses means we miss out on some combination of better services and lower costs.

The breakdown in fiscal democracy has gone on for so long that chronic problems are becoming acute.

Americans have experienced unusually high inflation since 2021. It happened because Congress and presidents of both parties ran up the debt, especially during the COVID-19 pandemic. This forced the Federal Reserve—the Fed—to buy large quantities of federal debt, which monetized the debt and grew the money supply far faster than the real output of goods and services could grow. That gap between the money supply and output drove inflation, and a rapid boost in federal debt drove the money supply.

To combat inflation, the Federal Reserve's only practical option was to increase interest rates. Higher rates have made borrowing more expensive for governments and the private sector. The federal debt binge kept the Fed from reducing the money supply by selling off Treasuries. In a saturated market, who would buy them?

Federal debt is now high enough to impose debt drag on the U.S. economy. The debt slows U.S. economic growth, opportunity, innovation, and prosperity above about 80 percent of the economy. It is currently about 100 percent of GDP and growing. Economic growth slows more as debt grows higher because it diverts funds from investments and other current needs merely to service the past's accumulated borrowing. Uncertainty on how policymakers will ultimately resolve imbalances undermines investment too.

In addition to what we have lost from Congress misallocating resources, the debt burden has brought inflation, higher interest rates, and creeping stagnation that are putting the American Dream further out of reach.

Yet excessive government borrowing could do even more harm. At some point—and no one knows what might trigger it or when—buyers of federal debt might not bid for enough Treasury securities at prevailing interest rates. This could set of a negative spiral of ever-higher interest rates, rampant inflation, a debt crisis, and even default on federal debt, the supposedly risk-free foundation of global financial markets. The economic consequences would be dire: a nasty recession, financial sector turmoil possibly including a breakdown in the payment system, and big, sudden tax increases. Military crises from an American pullback of military power from much of the world and even threats to our constitutional order would be possible.

That fate is not guaranteed. We can still avoid the turmoil and damage. Budget expert and president of the Economic Policy Innovation Center Paul Winfree thinks we have about a decade until we pass the "event horizon" and debt crisis becomes inevitable.[1] The team behind the Debt Default Clock, which tracks factors that indicate an erosion of the federal government's soundness, expects "fiscal crisis and insolvency at some point in 2027 and ultimately default a short time later."[2]

That is why controlling the debt is back on the federal policy agenda. Annual federal government interest spending has quadrupled over the last decade. After a brief post-pandemic drop, deficits (annual borrowing) are rising with no end in sight. The federal debt burden approaches the highest level ever, threatening stagflation and a possibly catastrophic fiscal crisis.

Unfortunately, the congressional budget process is broken. Each budget cycle begins late, finishes late, and accomplishes little in the meantime. Congress is consumed with brinksmanship over routine government funding and raising the debt limit. Congress lacks the guidance of budget targets to support fiscal responsibility, and what little automatic enforcement exists does not work. Waste, fraud, and abuse are abundant, and members of Congress who point any of this out are often considered troublesome.

As a result, Congress is increasingly hungry for solutions. The coming opportunity to put the budget back on track will be greater than at any time in recent decades.

A Balanced Budget Amendment to the Constitution: A Solution and a Catalyst

America needs a well-written balanced budget provision in the United States Constitution. An adopted balanced budget amendment (BBA) would catalyze Congress to overhaul the federal budgeting laws to make reaching and staying in balance possible. Otherwise, the prospects seem dim for Congress to regain control over the budget.

A well-crafted BBA with solid implementing legislation is the best approach to fiscal rules. Regular people understand the wisdom of balanced budgets. It feels intuitive and right. Spend no more than you have. Both sides of the ledger should match.

The idea of a constitutional requirement for the federal budget to balance enjoys widespread support from the American people. A July 2023 poll found that 80 percent of voters support "a constitutional amendment that would require a balanced budget within 10 years." Support by party affiliation was 83 percent of Republicans, 79 percent of Democrats, and 76 percent of independents.[3]

True, economists tend to focus on the debt-to-GDP ratio to measure the burden of government debt, and some budget policy experts recommend related targets to Congress. But that approach requires too much explanation. Debt-to-GDP targets seem arbitrary, which could give policymakers more political wiggle room than is consistent with responsible budgeting.

Some say a balanced budget rule would be too blunt, but they are thinking of annual balance, which is indeed a bad idea. Besides, the budget balance in any given year matters much less than medium- and long-term trends in revenue and spending. A viable and thoughtful approach to balancing the budget requires some engineering to convert the popular balance principle into constitutional language and statutory law.

To be effective, a balance goal must be in the Constitution. Requiring balance through statute is unlikely to bind policymakers in the long run. Congress can change laws at any time, and it often does.

Congress routinely ignores toothless laws. Most members of Congress would be surprised to learn that an existing provision of law states that "Congress reaffirms its commitment that budget outlays of the United States Government for a fiscal year may be not more than the receipts of the Government for that year."[4]

Constitutional provisions, however, command great authority in our political conversations. We may have different ideas about what exactly they mean or how clear they are, but a provision in our foundational legal document enormously elevates the principle it propounds. Members of Congress cannot change constitutional provisions on their own and feel an obligation to respect them, if imperfectly.

Why a BBA Would Work

The U.S. federal government's fiscal future is troubled, but why do we need a balanced budget amendment in particular? After all, BBA skeptics point out that Congress could balance the budget at any time but chooses not to. In fact, Congress and multiple presidents reduced deficits without a BBA, leading to surpluses from 1998 through 2001.

A confluence of happy accidents (see Chapter 4) brought the Clinton-Gingrich balanced budgets; however, they are unlikely to be repeated. The biggest structural change has been that the large Baby Boomer generation has shifted from prime working age during those surplus years to retirement today, which means ever-more spending from pension and health programs. It is wonderful that people can live longer, healthier lives, yet associated imbalances in old-age programs represent much of the political and policy challenge for fiscal sustainability.[5]

In addition, Gene Steuerle's *Dead Men Ruling: How to Restore Fiscal Freedom and Rescue Our Future* explains that Congress has locked in deficit growth with automatic adjustments to spending and revenue policies.[6] Those adjustments and other factors have shifted fiscal policymaking from abundance to scarcity in recent decades. Congress needs tools that expand political cover to make tough-but-necessary changes that disappoint some but also protect and preserve the system's overall viability.

Moreover, cheaper travel and communications, especially from the Internet and social media, have constrained the negotiating space for legislators to make deals. A shift from a committee-led to a leadership-led model for Congress began before the Republican revolution propelled Newt Gingrich (R-GA) to House Speaker, but it has since accelerated and changed congressional dynamics as well.

Many Other Forces Operate on Congress

The application of the economic way of thinking to public officials—the Public Choice scholarship—helps us understand the need for rules like a BBA. Public choice starts with the basic premise that human nature is consistent: We all want more of the good things at the lowest costs, and we each assess benefits and costs differently. People's basic incentives do not fundamentally change when they enter public service. Understanding the behavior of politicians, bureaucrats, and others in the public sector requires a realistic assessment of their interests, usually some combination of personal and public interest motivations.

In addition, legislators, presidents, governors, and agency officials do not hear from a representative sample of the American people. They hear disproportionately—even overwhelmingly—from those with substantial stakes in particular decisions, for whom the benefits of organizing political activities exceed the costs.

This organizing includes pooling resources for political action committees to help finance candidates' campaigns, hosting members of Congress for site visits and townhall meetings, conducting regular fly-ins of people from legislators' states or districts to lobby for or against legislation—usually self-serving but wrapped up in a purportedly public interest rationale—and maintaining full-time lobbyists in Washington, D.C., to engage the legislative process and keep an eye on members of Congress.

Even the protocols for requesting meetings with policymakers are a kind of specialized knowledge that only opens the door to make the case. Most constituent emails and phone calls are organized by or reflect the activities of organized interests.

When legislators do what an interest group wants, they may get rewarded with campaign support, favorable coverage, endorsements, and more. When they do not, they may get low scores on organizations' scorecards, lose campaign support, or see interest groups throw their weight behind a challenger.

Most Americans are too busy living their lives to devote time and resources to all this. Typically, only those for whom the political process provides outsized benefits find political engagement worthwhile. These interest groups tend to get their way more than they should, and usually at the expense of the unorganized public. Special interest goodies provide large benefits to a relatively small group while imposing small costs on many others, but the differences in the value of organizing lead to what political economists call concentrated benefits and diffuse costs.

This special-interest-driven redistribution can happen in real time. For example, the U.S. sugar program is incredibly beneficial for those who grow and refine sugar cane and sugar beets. It raises annual per-person food costs only a little, but a little bit for 340 million people is a lot of money for the industry: $2.5 to $3.5 billion per year.[7] True, sugar-using sectors like bakers and confectioners oppose the sugar program. Their relative diffusion and ability to pass on higher costs to consumers, however, means they cannot match the militant vigor of the sugar cartel.

Redistribution also happens across time. The current constellation of interest groups and voters makes demands on a wide range of issues. Current supporters and opponents determine who gets to wield political power. A politician rationally, though often reluctantly, gives today's pressures more weight than future needs. If not, he or she is more likely to be on the outs, and someone less focused on the future is more likely to win the election. Shifting costs across time takes several forms, and one is running persistent deficits: borrowing more every year from future generations to finance current activities.

Running persistent deficits makes government activities seem cheaper, and when things are cheaper, people want more. This helps explain why the tax-cutting zeal from starve-the-beast enthusiasts has not controlled spending even as the distance to a balanced federal budget has grown and the fiscal responsibility credibility of its adherents has eroded.

Persistent, chronic deficits create a fiscal illusion that increases the overall demand for government services from the electorate.[8] Attempting to finance the full cost of current spending with current taxes would reduce public demand for the federal government to do everything for everyone all the time. A balanced budget rule would help policymakers and the public more accurately weigh the costs and benefits of spending and revenue decisions.

The incentives of the current budget system promote sprawl, excessive debt, and other dysfunction. Policymakers need rules to counter interest group pressures and reduce the temptation to steal—borrow—from the future. Incentives are not destiny, however. Most policymakers honestly do pursue what they consider to be the public interest as much as they can. Institutional changes shift individuals' cost–benefit calculations and the art of the possible. A small shift in incentives toward responsibility could have substantial effects over time. It is the power of compound interest.

Methodological individualism is at the heart of this conversation. Legislatures are, more in theory than in practice, bodies of equals that require organizing—perhaps even centralizing—forces to facilitate the emergence of agreement. Most institutions of society are more hierarchical and have someone in charge, but that model does not necessarily apply to a legislature. In considering the nature of outcomes, the forces operating on and the motivations of each participant matter. Trying to get Congress to act is like herding cats.

Finally, the rules of the policymaking game are the institutions that channel energy through the decision processes that lead to policy outcomes. The process shapes even the ideas that political actors can propose and adopt, and therefore, how, why, and what public policy emerges.

As the late Rep. John Dingell (D-MI) said, "I'll let you write the substance... you let me write the procedure, and I'll screw you every time."[9] Stated differently, better procedures can *empower* Congress to sort out disagreements more productively.

A Principles-Based BBA

This project began from a small part of a meeting I attended in 2010 at the Cato Institute, a nonpartisan public policy research organization with a libertarian orientation. As Cato's Senate-focused government affairs staffer, I sat in on a meeting between U.S. Senate candidate David Malpass and Cato senior fellow Bill Niskanen. When BBAs came up, Niskanen recommended something new, so I ran the numbers. Playing with variations turned into an early version of the Business Cycle BBA (BCBBA) that freshman Rep. Justin Amash (R-MI) introduced in 2011, brought 45 Republican and 14 Democratic cosponsors on board, and would champion for a decade.

That work ultimately led to another BBA, the "principles-based BBA" mentioned earlier. Introduced by freshman Rep. Dave Brat (R-VA) in 2015, it would let Congress fill in the details with implementing legislation through the regular process. It was bipartisan with 64 Republican cosponsors and one Democrat when it was first introduced. It fell short of its potential breadth of support—probably even more than the

BCBBA—mostly because the window of opportunity simply was not open.

America needs systemic solutions led by a well-crafted BBA. Most BBA proposals have serious shortcomings and usually include provisions that members of one party or the other cannot stomach. That is a bad strategy. A constitutional amendment typically requires two-thirds of both houses of Congress to propose and three-fourths of state legislatures to approve. Too many members of Congress use BBAs to posture as fiscally responsible even as they vote to grow the debt burden again and again.

Several BBA proposals do not have those design flaws or others (see Chapter 7). They are neutral, practical, and comprehensive; they have attracted bipartisan support. With enough time to familiarize members of Congress and their staff with them before a vote, either could become the 28th Amendment to the Constitution.

Over the last fifteen years, I have helped Reps. Amash, Brat, and other members of Congress develop and introduce proposals for well-written balanced budget amendments to the U.S. Constitution and other legislation to get the federal government back in the black.

In this author's view, the principles-based BBA has the edge. As re-introduced in 2023, it reads:

> Section 1. Expenditures and receipts shall be balanced, which may occur over more than one year. Expenditures shall include all expenditures of the United States except those for payment of debt, and receipts shall include all receipts of the United States except those derived from borrowing. Congress shall achieve balance within ten years following the ratification of this article.
> Section 2. For emergency situations, two-thirds of the House of Representatives and the Senate may for limited times authorize expenditures exceeding those pursuant to rules established under section 1. Debts incurred from such expenditures shall be paid as soon as practicable.

The following pages make the case for this principles-based BBA and complementary statutes.

Even if Congress moves quickly, it will take a few years to fix the way it budgets and for members of Congress to learn to be effective operators in these new and better budget institutions. To succeed, they will need to change policy while they change their practices, just as other fiscal turnarounds have done.

Yet constitutional change does not come easily. Congress has considered balanced budget amendment proposals many times starting in the Great Depression. The high-water mark was early 1995. Then, a BBA passed the House with nearly 73 percent support before failing by only one vote in the Senate. In 2011, similar language failed the House with only 61.3 percent support, and 67 senators split their votes between a conservative version and another from moderate Democrats.

Why have the BBAs kept failing? Did they have poorly constructed provisions that do not belong in the Constitution? Were tightly controlled processes that reduced member buy-in the problem? Or did proponents mess up the politics by failing to engage skeptics and opponents appropriately?

The answer: all of the above. BBA proposals are usually poorly written; the process tends to shut most members out of the discussion (let alone trying to improve the language); and Republicans have sometimes tried to jam Democrats instead of seeking consensus and building bridges.

Some BBA flaws are technical. Most would require balance between spending and revenue each year. Revenue is volatile and would interact with annual balance to cause unstable and unpredictable policy changes on both sides of the ledger. Other problems are political. Some Republicans pursue limited government goals with supermajorities to raise the debt limit, increase revenue, or spend above a share of the economy. Some Democrats try to exclude politically sensitive programs like Social Security and Medicare. Nearly all BBAs have numerous problems, as we will see in Chapter 5.

Congress has repeatedly missed windows of opportunity. Some observers have soured on a BBA and see failure as a reason to give up. But hope springs eternal, and BBAs seem to return to prominence every fifteen years or so.

In the early 1980s, states calling for an amendment convention, President Ronald Reagan's overwhelming victory, and the new Senate Republican majority led to BBA votes. In 1995, the Republican revolution's Contract for America demanded early action on a BBA. In 2011, resolving the debt limit impasse set up that year's BBA vote. Inflation fatigue, a debt limit deal, or an unforeseen shock could bring additional BBA votes in the late 2020s.

In such a moment, a BBA could succeed if it is well-designed and advances in a way that lets members of both parties contribute their ideas, express their preferences, and seek to build coalitions.[10] This competitive clashing is constructive. It promotes finding common ground on solutions to help the federal government serve the people better.

Beyond BBAs, most efforts to upgrade federal budgeting have been part of bipartisan deals to raise the statutory debt limit,[11] which usually happens at least once per two-year congressional term. Even then, the possibilities for change are shaped by public opinion, recent fiscal and economic context, geopolitical concerns, timing within the political cycle, congressional and presidential leadership, and the quality of existing legislation. Practical proposals with broad support have the best chances of Congress pulling them off the shelf and plugging them into a deal.

The Promise of a Principles-Based BBA

The emphasis on common ground differentiates this project from others on BBAs. Senator Mike Lee (R-UT) wrote a staunchly conservative book in 2011 called *The Freedom Agenda: Why a Balanced Budget Amendment is Necessary to Restore Constitutional Government*. Conservative commentator Mark Levin's 2014 book *The Liberty Amendments: Restoring the American Republic* is similarly written from a limited government perspective with a brash tone. Both have the curious idea that something requiring double supermajorities—in Congress and with state legislatures—can put a strong thumb on the scale for substantive policy preferences that may not have even bare majority support in Congress or with the American people.

Building consensus across a broad, bipartisan spectrum is the way for a BBA and related legislation to succeed. That is how our country best resolves problems—together. This is a practical guide to achieving a workable, sustainable, and politically viable BBA and the statutory supports needed to bring it to life as a tool for responsible governance.

A consensus BBA should be a neutral platform to help adjudicate competing proposals from members of Congress. Democrats, for example, should be able to propose tax increases for their colleagues' consideration just as easily as Republicans can propose spending cuts. Deciding what to enact and what not to is the point of vesting collective choice in a legislature.

Civilization advances in part from improvements to institutions, whether they address fiscal policy, dispute resolution, balance of powers, or much else. Better institutions can promote greater prosperity, peace, freedom, justice, opportunity, and many other aspects of human flourishing.

Yet some thinkers dismiss the viability or advisability of a BBA too quickly. For example, Allen Schick's comprehensive history and explanation of the federal budget process gives a handful of pages to a BBA.[12] He dismisses the concept based on the very real problems with the traditional BBA.

Similarly, former federal budget official Alice Rivlin wrote that "the Republicans continued to talk about their balanced budget amendment gimmick" in the late 1990s. She said it is "a bad idea for many reasons... because the federal government should run a small deficit in some years, run large deficits in some years, and strive for a zero deficit or a surplus in other years."[13]

I agree with the need for flexibility. Like Schick, Rivlin was mistaken to taint all possible approaches to a constitutional balance rule with the problems of the 1990s BBA. After all, constitutional and statutory balance rules have spread around the world in recent decades.

The principles-based BBA is, first, a flexible articulation of the widely supported balance principle. Americans overwhelmingly support a constitutional requirement for the federal government to stop spending more than it raises in revenue, and economists overwhelmingly prefer balance over the medium term or over the business cycle instead of every year. This BBA also has a reasonable safety valve for emergencies and a realistic time to reach balance. Many details would go in revisable statute built on a constitutional foundation.

Second, this BBA uses broad language like existing constitutional provisions. Recognizing the nature of what has worked before gives us clues about what is most likely to succeed again.

Third, the principles-based BBA avoids provisions with policy and political pitfalls that appear in other proposals. The consensus required to amend the U.S. Constitution leaves no room for provisions that many legislators oppose.

By sticking to principles, this unbiased BBA lets Congress fill in the details with normal legislation. The balance requirement, "which may occur over more than one year," would let Congress specify through statute for 1) operating balance over the medium term, 2) immediate emergency response with subsequent offsets, and, perhaps, 3) financing investments over their life cycle. It can accommodate several sorts of balance: for ongoing activities, for emergencies, and for investments.[14]